



U.S. DEPARTMENT OF ENERGY
Office of Electricity Delivery and Energy Reliability
Infrastructure Security and Energy Restoration

ENERGY ASSURANCE DAILY

Friday, August 18, 2006

Major Developments

Switch to Ultra-Low Sulfur Diesel Blamed for Shortages, Rationing in Colorado

The switch to ultra-low sulfur diesel is being blamed for a supply glitch in Colorado that has led truck stops to ration diesel fuel. Complying with the new EPA standard necessitated emptying and cleaning pipelines, storage tanks and equipment that in turn, has strained diesel supplies in some areas of the country. Reports indicate that as early as the week of August 7, some trucking companies were warning their drivers to avoid refueling in Colorado. Further complicating the situation were several refinery problems and increased demand from farmers beginning the harvest season. Sources in the Colorado anticipate that the problem, while improving over the next few days, will persist through the end of the month.

<http://www.thetrucker.com/News/Stories/2006/8/16/ConversioncouldbebehindColoradorationing.aspx>

<http://www.etrucker.com/apps/news/article.asp?id=54871>

<http://www.summitdaily.com/article/20060809/NEWS/108090063>

Electricity

LS Power's 739 MW Gas-fired Moss Landing Unit 7 in California Shut Aug. 17

According to a report by the California ISO, the unit was shut by afternoon on Thursday.
Reuters, 20:18 August 17, 2006

Petroleum

Update: BP to Replace Main Transit Lines in Prudhoe Bay Early Next Year

In a securities filing on August 17, BP stated that the company expects to replace 16 miles of the oil transit lines in the Prudhoe Bay field by early next year. Thursday's filing says the Prudhoe Bay field is currently producing about 150,000 b/d of oil and gas liquids from its Western Operating Area. The company is uncertain what impact the shutdown of the Eastern Operating Area will have on its previously announced 2006 production schedule

<http://www.platts.com/Oil/News/7652920.xml?p=Oil/News&sub=Oil>

http://www.sec.gov/Archives/edgar/data/313807/000110465906055746/a06-18119_16k.htm

Stub Line of Colonial Pipeline Hit During Excavation Shut Near Nashville, Tennessee

A stub line of the Colonial Pipeline carrying diesel fuel has been shut down after it was hit while excavation was underway near the line. In addition, a separate line supplying gasoline to the Nashville area has also been shutdown as a precaution while crews assess the damage. It is not known if there has been any property damage, nor when the lines will be back in service.

<http://www.hendersonvillestarnews.com/apps/pbcs.dll/article?AID=/20060817/BUSINESS01/60817006>

Mexico's Oil Exports in July Slip to Lowest Level So Far this Year

State oil company Pemex announced on August 18 that during July, crude oil exports had fallen to their lowest level thus far in 2006. Overall production in Mexico also fell influenced by a steep drop in production from the large mature Cantarell field. Nonetheless, Pemex states that production is on track to increase during 2006 compared to 2005.

Reuters, 12:56 August 18, 2006

Blackouts Leave Ecuador's Oil Sector Untouched as Tungurahua Volcano Erupts

The violent eruption of Tungurahua volcano in central Ecuador that resulted in blackouts and forces the evacuation of hundreds in three oil-rich provinces, has thus far left oil production uninterrupted.

Reuters, 16:36 August 17, 2006

Natural Gas

Woodside Petroleum Files to Build LNG Import Terminal in California

Australian company Woodside Petroleum has filed for approvals from the U.S. Coast Guard, Maritime Administration, and the City of Los Angeles to construct an LNG import terminal in California. If approved, Woodside will ship LNG to two delivery buoys to be located approximately 20 miles offshore from the Los Angeles International Airport. The gas would be transported to shore through two undersea pipelines.

http://pro.energycentral.com/professional/news/gas/news_article.cfm?id=7046587

FERC Approves Northwest Pipeline's Lateral Project in Colorado

On August 16, FERC approved Northwest Pipeline Corp.'s proposal to build a lateral natural gas pipeline in Colorado.

<http://intelligencepress.com/subscribers/daily/news/d20060818e.html>

Columbia Gas Seeks to Increase Capacity at 11 Gas Storage Fields on Temporary Basis

Columbia Gas Transmission Corp. is seeking authorization from FERC to increase the maximum storage capacity at 11 of its gas fields on a temporarily basis.

<http://intelligencepress.com/>

Other News

Pennsylvania Governor Announces Plan for States First Ethanol Plant: Capacity of 108 Million Gallons per Year

Governor Rendell announced that the state's first fuel ethanol plant would be located in Clearfield County. The plans call a pilot-scale cellulose demonstration plant in addition to the plant producing 108 million gallon per year of denatured fuel grade corn-based ethanol.

<http://www.platts.com/Petrochemicals/News/7653309.xml?p=Petrochemicals/News&sub=Petrochemicals>

Energy Prices

U.S. Oil and Gas Prices			
August 18, 2006			
	Today	Week Ago	Year Ago
CRUDE OIL			
West Texas Intermediate U.S.	71.10	74.25	63.47
\$/Barrel			
NATURAL GAS			
Henry Hub	6.66	7.94	9.38
\$/Million Btu			

Source: Reuters

Energy Notes

Advocacy Group Launched to Represent Half Million Hybrid Owners Will Promote Hybrid Policies

http://pro.energycentral.com/professional/news/power/news_article.cfm?id=7044935

MMS Report: Katrina & Rita Cause 17,652 bbls to Spill in Gulf of Mexico in 2005

<http://www.platts.com/Oil/News/7653275.xml?p=Oil/News&sub=Oil>

Links

This Week in Petroleum from the Energy Information Administration (EIA)

<http://tonto.eia.doe.gov/oog/info/twip/twip.asp>

Updated every Wednesday.

Weekly Petroleum Status Report from EIA

http://www.eia.doe.gov/oil_gas/petroleum/data_publications/weekly_petroleum_status_report/wpsr.html

Updated after 10:30 AM & 1:00 PM EST every Wednesday.

Natural Gas Weekly Update from EIA

<http://tonto.eia.doe.gov/oog/info/ngw/ngupdate.asp>

Updated after 2:00 PM EST every Thursday.

ENERGY ASSURANCE DAILY

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<http://www.oe.netl.doe.gov/index.aspx>.

Please direct comments and questions to: ead@oe.netl.doe.gov